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United States Court of Appeals

DISTRICT OF COLUMBIA

NO. 9171

JAMES G. RALEY AND THOMAS E. RALEY,
RARTNERS, T/A RALEY'S FOOD STORE,
Appellants,

VS.

Office of Price Administration,

Appellee.

Appeal from the District Court of the United States for the District of Columbia

JOINT APPENDIX TO BRIEFS

IN THE .

DISTRICT COURT OF THE UNITED STATES

FOR THE
DISTRICT OF COLUMBIA

IN RE

JAMES G. RALEY AND THOMAS E. RALEY, PARTNERS,

T/A RALEY'S FOOD STORE, 2331 Calvert Street, N. W., Washington, D. C.

MISC. NO. 152

Application for an Order to Produce Records in Compliance with a Subpoena Issued by the Office of Price Administration

Chester Bowles, Administrator, Office of Price Administration, applicant herein, applies to this Honorable Court, pursuant to Section 202(e) of the Emergency Price Control Act of 1942, as amended, herein referred to as the "Act," for an order requiring James G. Raley and Thomas E. Raley, partners, trading as Raley's Food Store, to produce certain documents described in a subpoena duces tecum issued by the Administrator pursuant to Section 202(c) of the Act; and in support hereof respectfully represents as follows:

1. Respondents are owners and operators of a retail grocery store under the name of Raley's Food Store at 2331 Calvert Street, N. W., Washington, D. C., within this judicial district and have custody and control of the records of said retail grocery establishment.

- 2. Jurisdiction of this proceeding is conferred upon this court by Section 202(e) of the Emergency Price Control Act of 1942, as amended, (56 Stat. 23, 765., 57 Stat. 566, Public Law 383, 78th Cong., Executive Order 9250, 7 F. R. 7871, Executive Order 9328, 8 F. R. 4681).
- 3. Prior to the second day of August 1945 applicant, as Administrator for the Office of Price Administration, deemed that an investigation to determine whether James G. Raley and Thomas E. Raley, trading as Raley's Food Store, their agents and employees had or had not complied with the provisions of the Act and regulations issued thereunder was proper to assist him in the administra-

2 tion and enforcement of the Act and regulations and orders thereunder.

- 4. On August 2, 1945, applicant, acting pursuant to the power and authority conferred upon him by said Act, issued a subpoena duces tecum directing respondent to appear and to produce certain records and documents before F. L. Williamson, an Enforcement Attorney of the District of Columbia District Office, Office of Price Administration, at 5601 Connecticut Avenue, N. W., Washington, D. C. on the sixth day of August, 1945, at 10 o'clock A. M. Personal service was made on the second day of August, 1945, by delivery of the duplicate original subpoena, the original of which is attached hereto as Exhibit "A" and made a part hereof, to respondents as is shown by the return of service on said original of the subpoena.
- 5. Respondents did not produce any of the documents described in the aforesaid subpoena at the time and place set forth in the subpoena and have not at any time produced documents in response to said subpoena, nor has any representative of the Administrator at any time since the issuance of the subpoena inspected any of the said documents.
- 6. All the documents required to be produced by the subpoena are now and were at the time of issuance of

the subpoena deemed by applicant to be relevant and material to the investigation undertaken by him.

7. On information and belief:

The documents required to be produced by the subpoena are now and at all times mentioned herein have been in the possession and control of respondents.

WHEREFORE, the applicant Chester Bowles, Administrator, Office of Price Administration, respectfully prays that:

- This Court order that upon a day certain to be fixed in such order the respondent produce before F. L. Williamson, Enforcement Attorney, at such time and place as this Court may order, the documents described in the subpoena duces tecum attached hereto as Exhibit "A".
- 2. The applicant have such other and further relief as may be necessary or appropriate.

CARL W. BERUEFFY,

District Enforcement Attorney Office of Price Administration

F. L. WILLIAMSON, 5601 Connecticut Avenue, N. W.

Assistant Enforcement, Attorney Office of Price Administration In re: Raley Misc. No. 152

Exhibit "A"

UNITED STATES OF AMERICA
OFFICE OF PRICE ADMINISTRATION

SUBPOENA DUCES TECUM

James G. Raley and Thomas E. Raley,

t/a Raley's Food Store 2331 Calvert Street, N. W. Washington, D. C.

At the instance of the Price Administrator, Office of Price Administration, you are hereby required to appear before

F. L. Williamson, Enforcement Attorney of the Office of Price Administration, at 5601 Connecticut Avenue, N. W. in the City of Washington, D.C. on the 6th day of August, 1945, at 10 o'clock A. M. of that day,

And you are hereby required to bring with you and produce at said time and place the following documents:

All books, records and sales slips showing sales of commodities subject to price control between January 1, 1945, and the date of this subpoena.

FAIL NOT AT YOUR PERIL

Sha

IN WITNESS WHEREOF, the undersigned, District Director of the Office of Price Administration, has hereunto set his hand at Washington, D. C. this 2nd day of August, 1945.

ROBERT K. THOMPSON,

District Director.

NOTICE TO WITNESS: If claim is made for witness fee or mileage, this subpoena should accompany woucher.

RETURN OF SERVICE

I certify that a duplicate original of the within subpoena was duly served.

- on the person named therein.
- by leaving the said original at the principal office or place of business of the person named thereing to wit, at:

on the 2 day of August 4945.

CHESTER C. STEPP (Person making service) Investigator OPA (Title)

*Check method used.

Amended Application for an Order to Produce Records in Compliance with a Subpoena Issued by the Office of Price Administration

5. Respondents failed and refused to produce any and all of the documents directed in the aforesaid subpoena at the time and place set forth in the subpoena and have not at any time produced documents in response to said subpoena, nor has any representative of the Administrator at any time since the issuance of the subpoena inspected any of the said documents.

Carl W. Berueffy,

Carl W. Berueffy,

District Enforcement Attorney

J. GRAHAME WALKER (8)

J. Grahame Walker,

Assistant Enforcement Attorney

F. L. WILLIAMSON (s)

F. L. Williamson,

Assistant Enforcement Attorney

Attorneys for Plaintiff

DISTRICT OF COLUMBIA, ss:

F. L. WILLIAMSON, being first duly sworn, on oath deposes and says: that he has read the foregoing application and knows the contents thereof; that the matters and facts therein set forth as upon personal knowledge are true and those set forth upon information and belief he verily believes to be true.

F. L. WILLIAMSON (s)

F. L. Williamson,

Subscribed and sworn to before methis 18th day of October 1945.

JOHN D. WOOD, JR.
Investigator—OPA

Answer of Respondents to Application for Order to Produce Records

Now comes the respondents, James G. Raley and Thomas E. Raley, by their attorneys, Paul Flaherty and C. L. Dawson, and for answer to the Application for an Order to Produce Records in Compliance with a Subpoena Issued by the Office of Price Administration, state as follows:

- 1. The respondents admit the allegations of paragraph 1 of said Application; they neither admit nor deny the allegations of paragraph 2 thereof but demand strict proof thereof: they allege that they are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 3 of said Application; respondents deny the allegation of paragraph 4 of said Application to the effect that the subpoena in question was issued by the applicant, Chester Bowles, Administrator, Office of Price Administration, and allege that they are without knowledge or information sufficient to form a belief as to the truth of the allegation respecting the return of service of the subpoena mentioned in Paragraph 4; answering paragraph 5 of said Application, respondents state that they appeared by attorney in response to said subpoena and fully apprised the local Office of Price Administration of their grounds and reasons for not complying with the same, all of which appears more fully hereinbelow; the respondents allege that they are without knowledge or information sufficient to form a belief as to the allegations contained in paragraph 6 of the Application; answering paragraph 7 of said Application, respondents state that said subpoena does not mention or designate any specific documents, and therefore they can neither admit mor deny that they have possession or control thereof.
 - 2. The subpoena upon which the application is based is invalid and of no effect, because it was signed and issued by the District Director and not by the Administrator as required by law.
 - 3. The subpoena is contrary to the provisions of the Constitution of the United States prohibiting unreason-

able search and seizure in that it does not specify or designate any particular documents, records, or papers to be produced, but indiscriminately calls for the entire records of respondents.

- 4. The subpoena is too broad and sweeping and is not coextensive with the protection afforded by the Fourth and Fifth Amendments to the Constitution of the United Sates, since it might enable applicant to obtain and use privileged evidence without revealing its source.
- 5. The subpoena, if enforced as it stands, would be contrary to the provisions of due process, as it would deprive respondents of their only evidence of debts due to them or place unreasonable burdens on them of duplicating their entire records.
- 6. The application for an order to produce records herein fails to state sufficient facts upon which relief can be granted.
- 7: The subpoena does not properly identify the papers and documents sought to be produced, and is otherwise unreasonable, oppressive, confiscatory, and invalid.

Wherefore, respondents pray:

- 1. That the original and amended Application for an Order to Produce Records in Compliance with a Subpoena Issued by the Office of Price Administration be dismissed with prejudice.
- 2. For such other and further relief as to the Court may seem just and proper.

PAUL FLAHERTY (8)

C. L. Dawson (8)

Paul Flaherty and C. L. Dawson,

Attorneys for Respondents,

Suite 200, .923 15th St., N. W., Washington 5, D. C. Tel.: NAtl. 6846.

Copy received the 8 day of November, 1945:

CARL W. BERUEFFY (s) Attorney for Applicant.

Affidavit in Opposition to Application for Order to Produce Records

District of Columbia, ss:

9

James G. Raley, being duly sworm, says that he and his brother, Thomas E. Raley, are named as respondents herein and that they conduct a retail grocery and provision store as partners at 2331 Calvert Street, N. W., Washington, D. C.: that the subpoena issued by the Office of Price Administration of the District of Columbia, calling for "All books, records, and sales slips showing sales of commodities subject to price control . . . " in effect demanded their entire current business records; that the respondents cannot conduct their business in the absence of all such records; that the sales slips consist of thousands of loose, individual credit account and delivery slips, which are kept in a file under customers' names, and which comprise the only evidence which the respondents have of deliveries and indebtedness of charge sustomers; that such customer files cover the current accounts of several hundred charge customers and represent thousands of dollars of charge accounts and unpaid deliveries owed to the respondents; that said files or accounts are constantly referred to and worked on by the respondents during the course of each day's business; that if these current accounts were to be removed from respondents files it would be impossible to

settle accounts of customers, proper charges could not be made, the thousands of loose slips could not be duplicated if lost or misplaced, and the respondents would be unable to collect such accounts, thereby sustaining great financial losses; that if after a blanket inspection of their files a current account were paid up, there would be no way of telling whether evidence was obtained from such records

as a result of any such investigation; the respondents have at all times complied with the law and regulations pertaining to price control and have ever been and are now willing to cooperate with the local Office of Price Administration within reason, but they state that the subpoena in question is arbitrary, opressive, unreasonable, and invalid, and violates the rights, privileges and

immunities guaranteed to them by the Fourth and Fifth

Amendments to the Constitution of the United States.

James G. Raley (s)

James G. Raley.

Paul Flaherty, (s)
Paul Flaherty,
Attorney for Respondents,

Suite 200, 923 15th St., N., W. Washington 5, D. C. Tel.: NAtl. 6846.

SUBSCRIBED AND sworn to before me this 7th day of November, 1945.

Joseph E. Deupree Notary Public, D. C.

> My Commission Expires July 31, 1947

Why can't you reach a practical solution of the problem?

MR. FLAHERTY. I think, your Honor, there are many difficulties about their coming in and inspecting the entire records.

THE COURT: How else could they reduce it to what is reasonable?

MR. FLAHERTY. I would suggest this, that if they want to look at any particular accounts, let them give the names of the customers or the accounts, and we would be glad to give that to them.

THE COURT: I don't know that they know which ones they want. It is a fishing expedition, I suppose; but I suppose to some extent fishing expeditions under the OPA have been given sanction.

MR. FLAHERTY. The Supreme Court hasn't sanctioned it under Hale versus Henkel, at 201 U.S.

43, and I think this is more sweeping than under Hale versus Henkel.

THE COURT. We had the OPA in the middle of the war.

MR, FLAHERTY. But the Constitutional guarantees, nevertheless, are not suspended.

THE COURT. I know.

MR. FLAHERTY. And that is just as good a law now as it was then, because we have the same Constitution, your Honor.

Federal Trade Commission against American Tobacco Company, 264 U.S. 303, affirmed the ruling in Hale against Henkel and even went further; and I might quote the opinion of Mr. Justice Holmes, except that I have it already in my points and authorities filed.

THE COURT. Is your office in a position to do any selection at all, Mr. Walker?

MR. WALKER. No, your Honor. THE COURT. Why not?

MR. WALKER. You see, these records are records required to be kept by the regulation—

. MR. FLAHERTY. Oh no they are not.

MR. WALKER. And the Administrator is entitled to examine them, as we see it. We have reason to believe there are sales that are in violation of the Act, and under those circumstances we are entitled to make an investigation, and we can't possibly determine in advance to whom those sales were made.

If it would help counsel or help the respondents, we would be glad to go in and pick up invoices for just a week at a time, photostat them, and bring them back the next day. We will do anything to help, but we do insist on our rights to the records.

Order Enforcing Compliance with Subpoena Duces Tecum

This matter came before the Court upon the verified application of Chester Bowles, Administrator of the Office of Price Administration, for an order compelling compliance with the subpoena duces tecum issued by the Office of Price Administration, and it was argued by Counsel, and it appearing to the Court that said subpoena was regularly and properly issued and served in accordance with the provisions of the Emergency Price Control Act of 1942, as amended, and that respondents have refused to obey said subpoena and it further appearing that this Court has jurisdiction to issue an order requiring obedience to said subpoena it is by the Court this 19th day of November 1945,

ADJUDGED, ORDERED and DECREED that the respondents, James G. Raley and Thomas E. Raley, be and

they hereby are directed to appear before F. L. Williamson, Assistant Enforcement Attorney of the Office of Price Administration at 5601 Connecticut Avenue, N. W., in the District of Columbia, on the 27th day of November 1945 at 10 o'clock A. M., and shall at that time produce for inspection by said F. L. Williamson any, and all records and documents mentioned in the aforesaid subpoena.

H. A. SCHWEINHAUT Justice.

Seen:

PAUL FLAHERTY, Attorney for Respondents. [fol. 15] IN UNITED STATES COURT OF APPEALS FOR THE

Before Honorable D. Lawrence Groner, Chief Justice; Henry W. Edgerton and Bennett Champ Clark, Associate Justices

No. 9171, January Term, 1946

James G. Raley, et al., Trading, &c., Appellants,

CHESTER BOWLES, Administrator of the Office of Price
Administration, Appellee

MINUTE ENTRY-March 27, 1946

Argument commenced by Mr. Paul Flaherty, attorney for appellants, continued by Mr. Milton Klein, attorney for appellee, and concluded by Mr. Paul Flaherty. Appellant allowed to file certain citations within forty-eight hours and Appellee allowed to file some legislative history regarding Congressional appropriation within forty-eight hours.

[fol. 16] IN UNITED STATES COURT OF APPEALS, DISTRICT OF COLUMBIA

No. 9171

James G. Raley and Thomas E. Raley, Partners, t/a Raley's Food Store, Appellants,

PAUL A. PORTER, Administrator, O. P. A., Appellee

Appeal from the District Court of the United States for the District of Columbia

Argued March 27, 1946. Decided June 17, 1946

Mr. Paul Klaherty, with whom Mr. C. L. Dawson was on the brief, for appellants.

Mr. Milton Klein, Director, Litigation Division, with whom Messrs. Samuel Mermin, Chief, Special Litigation

Branch, and J. Grahame Walker, District Enforcement Attorney, all of the Office of Price Administration, were on the brief, for appellee. Mr. David London, Chief, Appellate Branch, O. P. A., also entered an appearance for appellee.

Before Groner, C. J., and Edgerton and Clark, JJ.

Opinion-Filed June 17, 1946

EDGERTON, J.:

Appellants operate a retail grocery store in Washington, D. C. The District Director of the Office of Price Administration, by virtue of authority which the Administrator had delegated to district directors, issued on August 2, 1945 a 5191.

subpena directing appellants to produce "all books, records and sale slips showing sales of commodities subject to price control between January 1, 1945, and the date of this subpena". Appellants refused to comply and the District Court ordered them to do so. This appeal is from the court's order.

Section 202 (a) of the Emergency Price Control Act of

1942 authorizes the Administrator to make investigations, conduct hearings, and obtain information to assist him in enforcing the Act. Section 202 (b) authorizes him to require dealers, etc., to farnish information and permit inspection of records. It also authorizes him to administer oaths and, by subpena, to require persons to testify or produce documents or both. Appellants contend that the Administrator cannot delegate his power to issue subpenas. fol. 17] Every function of the Office of Price Administration is conferred, in terms, upon the Administrator. Obviously he must delegate most of his functions if they are to be performed at all. Section 201 (a) authorizes him to "appoint such employees as he deems necessary in order to carry out his functions and duties under this Act". The Senate Committee on Banking and Currency, in reporting out the Price Control Bill, said that the Administrator

might delegate. "any of the powers given to him by the

¹ Revised General Order 53, issued May 13, 1944, 9 F. R.

² 56 Stat. 23, 30, amended, 58 Stat. 632, 637; 50 U. S. C. App. § 922 (a).

His authority to delegate the fixing of maximum rents was upheld in Bowles v. Griffin, 151 F. 2d 458 (CCA 5), and was applied without question in Bowles v. Willingham, 321 U.S. 503. His authority to delegate the bringing of damage suits was upheld in Bowles v. Wheeler, 152 F. 2d . 34 (CCA 9). There is no reason why the issuing of a subpena, which is not enforceable without a court order, should not likewise be capable of delegation. The Administrator cannot exercise personal discretion every time the question arises whether a subpena should be issued in connection with any of the thousands of investigations which his subordinates must carry on in all parts of the country. To hold that he may not delegate his subpena power would mean that he must keep all his branch offices supplied with blank subpenas signed by him in advance. prudent and orderly for subpenas to be signed by the selected representatives who must exercise the discretion which their use involves. The difference between the one system and the other is like that between signing hundreds of blank checks for future use and authorizing selected representatives to sign checks from time to time. Congress did not forbid the more orderly practice which the Adminis-The Court of Appeals of the Seventh trator adopted. Circuit has reached the same conclusion.5

Cudahy Packing Company v. Holland, 315 U. S. 357, on which appellants rely, does not support their position. The Supreme Court there held that Congress had not authorized the Wage and Hour Administrator to delegate his subpena power, but the Court based that conclusion chiefly on three considerations none of which is present here. (1) The statute there involved, the Fair Labor Standards Act, expressly authorizes delegation of the power to make investigations, but does not expressly authorize delegation of the power to issue subpenas. The Price Control Act, on the other hand, does not expressly authorize delegation of any

³ S. Rep. No. 931, 77th Cong., 2nd Sess., p. 20.

⁴ Cert. den. December 10, 1945.

Pinkus v. Porter, — F. 2d — (C. C. A. 7), May 2, 1946. Bowles v. Abendroth, — F. Supp. —, D. C., Dist. Oregon, February 11, 1946, is in our opinion erroneous.

power of the Administrator. (2) The Fair Labor Stand-[fol. 18] ards Act adopts, by reference, the subpena provisions of the Federal Trade Commission Act. That Act impliedly negatives the delegation of the subpena power to subordinates, by providing that any member of the Trade Commission, as well as the Commission itself, may issue subpenas. (3) The legislative history of the Fair Labor Standards Act tends to negative delegation, whereas that of the Emergency Price Control Act tends to support delegation.

⁶ Appropriation Acts contain the following proviso: "That any employee of the Office of Price Administration is authorized and empowered, when designated for the purpose by the head of the agency, to administer to or take from any person an oath, affirmation, or affidavit when such instrument is required in connection with the performance of the functions or activities of said Office". National War Agencies Appropriation Act, 1944, 57 Stat. 522, 526; Second Deficiency Appropriation Act, 1944, 58 Stat. 597, 601. But this proviso, as the Committee on Revision of the Laws duly noted in incorporating it in the Code as § 922a of Title 50, was not enacted as a part of the Price Control Act. Moreover this proviso was not enacted to authorize the Administrator to delegate a power-which the Price Control Act conferred upon him. On the contrary, it was enacted to authorize designated employees to exercise a power which the Price Control Act did not confer upon anyone and which the proviso itself did not confer upon the Administrator. The Act gives the Administrator power to administer oaths, but only in connection with the investigative powers granted by § 202. The Administrator concluded that only notaries, or other officers who derived their authority from some independent source, could administer to new employees the oath of office required by 5 U.S. C. & 16, 18. This was burdenson because of the vast number of the Administrator's employees, who include all the employees of local price and rationing boards. The proviso in the Appropriation Acts was inserted, at his request, in order to make it possible for his subordinates to swear in new employees. Hearings on National War Agencies Appropriation Bill for 1944, 78th Cong., 1st Sess., Part 2, pp. 306-307.

⁷ Supra at note 3.

Appellants contend that the subpena was invalid because of its breadth, and because the Administrator did not show probable cause to believe that appellants were violating the Price Control Act. This position is untenable in the light of Oklahoma Press Publishing Co. v. Walling and News Printing Co. Inc. v. Walling, 66 S. Ct. 494, decided February 11, 1946, and Cudmore v. Bowles, 79 U. S. App. D. C. 255, 145 F. 2d 697. Appellants' assertion that examination of their records will disrupt their business, because they must constantly use the records, cannot be taken seriously. Counsel for the Administrator assured the trial court that if it would help appellants he was ready to pick up only a week's invoices at a time, photostat them, and return them the next day. No greater concession to appellants' convenience could fairly be asked.

Affirmed.

[fol. 19] IN UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA, APRIL TERM, 1946

No. 9171

James G. Raley and Thomas E. Raley, Partners Trading, a &c., Appellants,

VB.

PAUL A. PORTER, Administrator of the Office of Price Administration, Appellee

Appeal from the District Court of the United States for the District of Columbia

Before Groner, C. J., and Edgerton and Clark, JJ.

JUDGMENT

This cause came on to be heard on the transcript of the record from the District Court of the United States for the District of Columbia, and was argued by counsel.

On consideration whereof, It is now here ordered and adjudged by this Court that the order of the said District Court appealed from in this cause be, and the same is hereby, affirmed.

Per Mr. Justice Clark.

Dated June 17, 1946.

[fol. 20] IN UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

[Title omitted]

DESIGNATION OF RECORD-Filed August 15, 1946

The Clerk will please prepare a certified transcript of record for use on petition to the Supreme Court of the United States for writ of certiorari in the above-entitled cause, and include therein the following:

- 1. Appendix to appellants' brief.
- 2: Minute entry of argument.
- 3. Opinion.
- 4. Judgment:
- 5. This designation.
- 6. Clerk's certificate.

Paul Flaherty, Attorney for Appellants, Suite 200, 923—15th Street, N. W., Washington, D. C., Tel.: NAtl. 6846.

Copy of the foregoing mailed to J. Grahame Walker, Esquire, attorney for appellee, 5601 Connecticut Avenue, N. W., Washington, D. C., the 14 day of August, 1946.

Paul Flaherty, Attorney for Appellants:

[fol. 21] Clerk's Certificate to foregoing transcript omitted in printing.

[fol. 22] Supreme Court of the United States, October Term, 1946

No. 512

ORDER ALLOWING CERTIORARI—Filed November 12, 1946

The petition herein for a writ of certiorari to the United States Court of Appeals for the District of Columbia is granted, limited to the question whether the Emergency Price Control Act authorizes the Administrator to delegate to district directors authority to sign and issue subpoenas. The case is transferred to the summary docket and assigned.

For argument immediately following No. 483.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

(8768)